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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#)1. Iran
- [1](#)2. Mideast
- [1](#)3. U.S. Presidential Elections

Key stories in the media:

All media highlighted the renewed questioning by the police of PM Ehud Olmert today about the hundreds of thousands of dollars he allegedly received over 15 years from Jewish-American millionaire Morris Talansky. Ha'aretz quoted a police source as saying yesterday that the allegations are extremely serious and that an ordinary citizen would have been arrested by now had such accusations been leveled. Olmert's associates accused the police of turning the case into a "personal campaign" against the Prime Minister, suggesting that Olmert would not be treated fairly during the interview. Media quoted cabinet ministers from Kadima -- including Vice PM Haim Ramon, considered a confidant of Olmert -- as saying that the winner of September's party primaries will immediately begin putting together a new government. Olmert had hoped to create a situation that would preclude the formation of an alternative government as long as he is still prime minister.

The media reported that the prisoner exchange with Hizbullah is set to take place Wednesday or Thursday, at the Rosh Hanikra Israel-Lebanon border crossing. Yediot reported that in addition to receiving from Hizbullah a report about the fate of MIA Ron Arad, Israel will also get letters he wrote.

Ha'aretz cited the belief of senior defense officials that Israel should resume diplomatic pressure to halt Syrian weapon transfers to Hizbullah. Leading media quoted Defense Minister Ehud Barak as saying that Hizbullah's missiles cover most of Israel.

The Jerusalem Post reported that during his upcoming visit to the U.S., Defense Minister Ehud Barak will tell President Bush that time is running out on thwarting Iran. Ha'aretz quoted sources in Jerusalem as saying this week that official representatives of an Arab country have hinted in meetings with Israeli officials that they would not oppose an Israeli military operation against Iran. According to the sources, the representatives of the Arab country said they are worried by Iran's growing influence in the region, primarily among Shi'ite communities in Arab states. Defense Minister Barak hinted yesterday that Israel would be willing to attack Iran when he said that "Israel is the strongest country in the region and has proved in the past that it is not deterred from activity when there is concern that its vital interests could be harmed." Leading media quoted Secretary of State Condoleezza Rice as saying that the U.S. will stand by Israel as it faces the Iranian threat.

Major media featured the CAEW spy plane, which could be used in an Israeli strike against Iran's nuclear facilities, which became operational in February and was put on display yesterday. The CAEW is Israel's most sophisticated airborne early warning and control aircraft. Maariv reported that Russia will sell Syria missiles because it has not yet received Israel's agreement to hold a Mideast conference in Moscow.

The Jerusalem Post quoted Palestinian PM Salam Fayyad as saying that Israel is "humiliating" the Palestinians by raiding Hamas-owned businesses.

The Jerusalem Post reported that "U.S. visa officials" drove to the Gaza border yesterday to meet with three Fulbright scholars from the territory.

Ha'aretz and other media reported that yesterday militants in Gaza fired Qassam rockets at the western Negev, hours after IDF troops shot to death a Palestinian militant along the Israel-Gaza border. Israel Radio reported that an IDF officer was moderately wounded and an Israeli civilian was lightly wounded in a shooting incident near Qalqilya when a Palestinian terrorist fired upon an Israeli car near the village of Der Iskiya. Makor Rishon-Hatzofe reported that current Hamas instructor Fares Al-Hashi was trained in the U.S. by the CIA at the time he served in the PA's Force 17.

The Jerusalem Post reported that Israeli Rabbi David Rosen aims to improve Muslim-Jewish ties at next week's Saudi-sponsored interfaith conference in Madrid.

Yediot presented the results of a Mina Zemach (Dahaf Institute) poll conducted among registered Kadima members:

Q: If the Kadima party primary were held today, for whom would you vote? (The number in parenthesis refers to a previous poll on June

26:

Ehud Olmert: 18% (22%); Tzipi Livni: 37% (31%); Shaul Mofaz: 22%;
Avi Dichter: 10%; Meir Sheetrit: 9%.

Q: If Olmert doesn't run in the party primary, for whom will you vote?

Tzipi Livni: 41%; Shaul Mofaz: 30%; Avi Dichter: 12%; Meir Sheetrit: 12%

Q: If Olmert succeeds in significantly refuting the suspicions against him in the Talansky affair, for whom will you vote?

Ehud Olmert: 30%; Tzipi Livni: 29%; Shaul Mofaz: 21%; Avi Dichter: 8%; Meir Sheetrit: 8%

Q: Is it right that Olmert run in the party primary?

Yes: 38%; No: 57%

Q: Should Olmert resign as prime minister and vacate his position to whoever is elected in the party primary?

Yes: 79%; No: 17%

11. Iran:

Summary:

Senior columnist Nahum Barnea wrote in the mass-circulation, pluralist Yediot Aharonot: "It is unlikely that Israel has the ability to attack Iran. It is unlikely that Iran has the ability to retaliate."

Block Quotes:

"Transition Government"

Senior columnist Nahum Barnea wrote in the mass-circulation, pluralist Yediot Aharonot (7/11): "Israel and Iran exchange war threats, with a little help from all sorts of American spokespeople.

It is unlikely that Israel has the ability to attack Iran. It is unlikely that Iran has the ability to retaliate. Judging by Olmert's, Barak's. and Livni's political conduct, none of them is preparing an Israeli military strike on Iran. After all, the three of them know that a military strike would turn the Middle East upside down, put off the primary, cancel the prisoner exchange deal, and generate a security and economic earthquake. In that case, they're not interested. In the first Gulf War, Saddam's Scuds hit a few places in Israel. The defense minister at the time, Moshe Arens, demanded action. Arens thought that those who are attacked should respond. He did not ask if the IDF had the actual ability to paralyze the sources of fire. Maybe the time has come for this question to be asked in reference to an Israeli strike on Iran."

12. Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "It would be appropriate for Olmert to take a long vacation starting now, until a decision is made on an indictment."

Block Quotes:

"Who Will Run the Country?"

The independent, left-leaning Ha'aretz editorialized (9/11): "A line can be drawn between Olmert's response to the Winograd Commission examining the conduct of the Second Lebanon War and his behavior in the criminal cases under investigation. Both two years ago and now, he does not feel he owes the public an explanation. At the same time, he dismisses all criticism as persecution.... The Kadima primary will be held in late September. Whether or not Olmert competes, that is too long to wait to replace the prime minister. The Labor Party has decided that if a different chairman is not elected to lead Kadima in September it will push for a new general

election. All of that might be convenient for politicians, but it will not satisfy anyone who cares about good government. It would be appropriate for Olmert to take a long vacation starting now, until a decision is made on an indictment. It is logical to assume that someone facing criminal charges, who is being questioned and cross-examined week after week, who will almost certainly be called to a hearing and asked to present a defense, needs a great deal of time to attend to these things without being bothered by affairs of state."

13. U.S. Presidential Elections:

Summary:

Columnist Ari Shavit wrote from Aspen, Colorado, in the independent, left-leaning Ha'aretz: "The real problem is not Iraq. The problem is [the economic condition] of America."

Block Quotes:

"The End of the American Century"

Columnist Ari Shavit wrote from Aspen, Colorado, in the independent, left-leaning Ha'aretz (7/11): "The real problem is not Iraq. The problem is America. The problem is that 80 percent of Americans believe that their country is on the wrong track, and 75 percent do not believe that the economic situation next summer will be better than it is now.... The problem is that the budget deficit is out of control, the national debt is irreparable and the dollar is worthless. Something about the way the Americans do things is not working. Something is not as it used to be."

JONES